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Report on the Intelligence Community

By The Director
of Central Intelligence

Calendar Year 1978

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January 1979

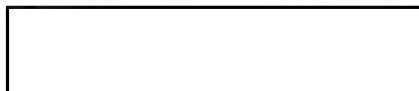
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DIRECTOR OF CENTRAL INTELLIGENCE
REPORT ON
THE INTELLIGENCE COMMUNITY
CALENDAR YEAR 1978

Stansfield Turner
Director of Central Intelligence

Prepared by the Resource Management Staff
with the Assistance of the Intelligence Community
for the Director of Central Intelligence

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I. THE YEAR 1978 IN RETROSPECT

IMPLEMENTATION OF THE NEW EXECUTIVE ORDER

In 1978, organizational change began to have an impact for improvement in the United States Intelligence Community. After almost a year of study and debate, on 24 January 1978, the President issued Executive Order 12036. This new Order governed the organization and conduct of intelligence. Six aspects of this Order deserve particular attention because of the effect they have already had on the process of intelligence in our country. [REDACTED]

1. Priorities

The cornerstone of a good intelligence operation is that it satisfies consumers' needs, both by meeting the needs which they have today and by preparing to meet those needs which will most likely arise tomorrow. By various means and with varying degrees of success over the years, the American Intelligence Community has solicited its consumers' assessment of their needs. But, more often than not, the Intelligence Community itself set its own priorities. [REDACTED]

The new Executive Order established a committee of the National Security Council, the Policy Review Committee on Intelligence (PRC [I]), composed of the Vice President, the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Assistant to the President for National Security Affairs, the Chairman of the Joint Chiefs of Staff, and chaired by the Director of Central Intelligence (DCI). In August, the PRC (I) produced two lists of National Intelligence Topics (NITs). One listed 58 specific points of emphasis in seven key geographic areas which the committee members believed would be important to them in the next six to nine months. A second list of 43 specific topics in seven general areas is considered of longer term concern. These two lists replaced a previous priority listing known as Key Intelligence Questions but have greater import

because the intelligence users participated in their formulation and because they provide more detailed, specific guidance to both the producers and the collectors of intelligence. [REDACTED]

The producers of intelligence, led by the Director of the National Foreign Assessment Center (NFAC), have taken each NIT and analyzed the work being done and needed to be done to satisfy that topic. While heavily burdened with more tasks than they can normally accomplish effectively, including departmental requirements, producers throughout the Intelligence Community have accepted a share of this additional effort. Frankly, despite this, there is still difficulty in obtaining the necessary redirection of effort to ensure satisfaction of the National Intelligence Topic requirements. At the same time, this initial adjustment has created a greater perturbation to the system than will subsequent iterations. [REDACTED]

On the collection side of intelligence, the Collection Tasking Staff is utilizing the NITs to adjust the Community's collection priorities, including adjustment of the Director of Central Intelligence Directive 1/2 (DCID 1/2)—an Intelligence Community validated matrix of priorities by topics and countries—to follow the NITs and their PRC (I) assigned priorities. [REDACTED]

In sum, the process of involving the top consumers in the establishment of priorities is off to a good start. Updatings are called for every four months. The first one in December was, frankly, not very successful but it was both a new process and a particularly busy season for intelligence in substantive international developments and in program and budget development. Our challenge will be to ensure that the same high-level attention given to the NITs last August persists in the future, so that the topics do represent the consumers' needs and not Intelligence Community beliefs of what those needs are. [REDACTED]

2. Budget Preparation

A second major provision of the new Executive Order is that the DCI "... shall, to the extent consistent with applicable law, have full and exclusive authority for approval of the National Foreign Intelligence Program budget submitted to the President." Previously, the DCI had chaired a committee that established the National Foreign Intelligence Program budget by consensus trading. The new arrangement, in its first full year of operation, already made it easier to define the national intelligence goals which should drive the budget and made it possible to establish priorities among budget items. This has permitted the use of judgment as to overall Community needs when integrating the submissions of the several program managers rather than simply interleaving them on an equal basis. The new process also makes it easier to surface objective, analytical comparisons between competing or overlapping programs as a check that my judgment of budget priorities is not skewed from that which would best serve the country. The PRC (I) on three occasions during this past year reviewed the budget as it was being prepared and after its submission to the President. The PRC (I) is free to make separate recommendations to the President if members do not concur in the budget's structure. In this instance, the PRC (I) did not dissent from the budget as submitted. However, its advice in the preparatory sessions was of great value. Overall, this first experience with the new budget preparation process went very well. []

3. Intelligence Collection

A third highlight of the new Executive Order is its establishment of a National Intelligence Tasking Center (NITC) under the DCI to coordinate and task all national foreign intelligence collection activities. The profusion of new, and in many cases, esoteric technical means of collecting intelligence over the last decade demands that we apply the best mix of collection techniques to each problem, that we not waste capability through unnecessary duplication of effort, and that we not inadvertently miss important collection opportunities because one collection system assumes that another is doing it. Because the operational control of technical and human intelligence collection systems is spread across almost a dozen different agencies and organizations, there is

a real need for a focal point of coordination. In the past, this has existed only in the DCI collection committees on signals, human and imagery intelligence. Each of these did a fine job of coordinating the assets within its own discipline, but by the same token was limited to that discipline. NITC's task is to maximize return while minimizing cost and risk through the best application of systems from all three disciplines. It is not NITC's task to determine how individual collection systems shall be employed, but rather to determine which ones are best for any given intelligence topic. []

By the close of the Congressional session in October, the Congress had authorized the establishment of a Deputy Director for Collection Tasking who would be responsible for the three collection committees as well as NITC coordination of them. This action divided the Intelligence Community Staff into two segments: a Deputy for Resource Management who supports the DCI's responsibility for preparation of the national intelligence program and budget, and a Deputy for Collection Tasking who manages the NITC. It is far too early to judge the success of the NITC concept, but it appears to be off to a good start and filling an important void. []

4. Production of Intelligence

The new Executive Order charges the DCI with the responsibility for the production and dissemination of national foreign intelligence, cautioning him to "... ensure that diverse points of view are considered fully and that differences of judgment within the Intelligence Community are brought to the attention of national policymakers." Importantly, the Executive Order clearly leaves the analytical components of the Defense Department, the State Department, the Treasury Department and the CIA independent, competitive and intact, and ensures that when they have different viewpoints, those viewpoints shall not be stifled. We have attempted to reaffirm this latter point in several ways. []

The National Foreign Intelligence Board, on which all of the principal agencies of the Intelligence Community are represented, reviews and discusses every major national intelligence estimate. On such occasions, members of the Board have an opportunity and a clear responsibility to ensure that the DCI is aware of any divergent views which they may

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believe are not adequately represented in the text of the estimate. I have also directed that dissenting views, which were formerly elaborated in footnotes, regularly be moved up and integrated into the text itself. I strongly believe that when a differing opinion is well founded on valid analysis and logic, it should be placed directly in juxtaposition with the major opinion. Thus the reader can understand the difference and have a basis for exercising his own judgment. Beyond this, the Director of the National Foreign Assessment Center has created a distinguished Review Panel composed of three senior and independent professionals from the fields of diplomacy, the military, and economics. This Panel is charged with reviewing the Intelligence Community product in process and upon completion. To protect their objectivity, they are proscribed from participating in the process of developing the estimates. They make suggestions to the Director of the National Foreign Assessment Center and myself regarding the substance and quality of estimates. ☐

5. Counterintelligence

The Executive Order provides that another committee of the National Security Council, the Special Coordination Committee, chaired by the Assistant to the President for National Security Affairs, and composed of the Secretary of State, Secretary of Defense, the Attorney General, the Director of the Office of Management and Budget, the Chairman of the Joint Chiefs of Staff, the Director of Central Intelligence, and the Director of the Federal Bureau of Investigation, "... shall develop policy with respect to the conduct of counterintelligence activities," resolve interagency differences, monitor counterintelligence activities, and provide the President with an overall annual assessment of them. The activities of this committee, the SCC(CI), have already generated renewed attention to a previously somewhat neglected counterintelligence function. Beyond that, I am pleased to report that the necessary linkage between FBI and CIA has been further enhanced, and that there is greatly increased consultation between the Agencies. Specific new coordinating mechanisms have been established among intelligence agencies with counterintelligence responsibilities, and the exchange of counterintelligence data has been greatly expanded. In sum, the counterintelligence function is receiving much needed additional attention today. ☐

6. Restrictions

One whole section of the new Executive Order established restrictions on various intelligence activities, particularly those which affect the rights of American citizens. These restrictions are an extension and clarification of those enumerated in the previous Executive Order (E.O. 11905, 15 February 1976). They and the entire Executive Order were developed in close consultation with the Senate Select Committee on Intelligence (the corresponding committee of the House not having been in being during most of the formative period), thus establishing a new degree of cooperation in intelligence between the Executive and Legislative branches of our government. ☐

The same cooperation has been extended in the opposite direction throughout 1978 as the Senate Select Committee on Intelligence developed and held hearings on legislative charters for the intelligence Community. We are hopeful that this will enable us to have charters reflecting a balance between the need for statutory guidelines and sufficient flexibility to fulfill proper intelligence missions. ☐

RELATIONS WITH THE CONGRESS, THE EXECUTIVE AND THE PUBLIC

In 1978, the relationships between the Intelligence Community and the Congress, the agencies and departments of the Executive Branch, and the public have evolved significantly. ☐

The Congress

1978 was the second full year of oversight by the Senate Select Committee and the first full year by the House Permanent Select Committee. During the year, many new procedures have been worked out and constructive relationships established. In both the Senate and the House, first authorization bills for intelligence have been acted on. In the process of reviewing and approving our budget, both Committees, as well as the Appropriations Committees, have also made substantial contributions. For example, Committee questions about a proposed new imagery collection system and requirement for specific follow-on reports as to its capabilities and

alternatives led to a major restructuring of that program with potential savings of over half a billion dollars. Also, with some encouragement of the Select Committees, the Appropriations Conference Committee of the Congress agreed to an additional \$25 million in Fiscal Year (FY) 1979 for the purpose of improving our capability to monitor a SALT II agreement. This has led to a very constructive reordering of both our FY 1979 and 1980 programs. Looking beyond the budget, the two Select Committees supported changes in several pieces of legislation being considered by other Congressional committees to assure the continued effectiveness of various Intelligence Community activities. Landmark intelligence surveillance legislation was enacted through strong Administration and Congressional support. ☐

As an example of an area where such support is most helpful, my FY 1980 budget submission contained, as an integral provision, proposed legislative relief from the Freedom of Information Act (FOIA) for intelligence information that is collected clandestinely and is in a raw unevaluated form. The amount of information of this type which is releasable to the public is extremely small in comparison both to the tremendous number of man-hours required to review it and to the actual quantity of information which must be reviewed pursuant to the terms of the FOIA as currently drafted. Furthermore, an expanded exemption would clearly demonstrate to those individuals and agencies abroad with which the Community deals that their information will not be released in any form, a condition without which the information would simply not be provided to us. We are hopeful of obtaining such relief. ☐

The relationship between the Community and the two Select Committees is still fundamentally one of oversight of course. In 1978, I appeared before the two Committees a total of 11 times on other than budgetary matters. Other Community representatives testified at approximately 20 other hearings. I received 81 letters from the two Committees requesting written explanations of actual or alleged intelligence activities. Subcommittees investigated and reported on 12 activities. And, staff members conducted approximately 47 investigations of various aspects of intelligence. The benefits of this oversight process more than counterbalanced the cost of the effort required. Accountability is an

essential element of the effective execution of delicate responsibilities such as are entrusted to us. The added external accountability of reporting to the Congress keeps us particularly on our toes. ☐

The Executive Branch

This past year we made a number of efforts to provide more complete service to those Cabinet Officers such as Commerce, Treasury and Energy who are not as fully involved in intelligence matters as are Defense and State. ☐

I can report better coordination and teamwork than ever before with the State Department in good measure as a result of an agreement regulating the relationships between Ambassadors and CIA Chiefs of Station which Secretary Vance and I signed in mid-1977. That agreement provides for the CIA Station to be more completely integrated into the country team under the direction of the Ambassador. It is working well. ☐

The Public

A policy of greater openness with the American public is paying dividends in terms of a better public understanding of what the Intelligence Community does and, as a consequence, a deserved confidence in intelligence activities. This is manifested in a number of ways. One is the more frequent publication of analyses and estimates which can be declassified. Another is more forthright responses to media inquiries. A third is a more open and active dialogue with American academic specialists, including active cooperation in drafting guidelines for academic-intelligence relationships with a number of universities; a dialogue with university presidents who visit with us to exchange views; speaking on more than a dozen American campuses to date; and increased participation in symposia, conferences and other academic meetings, including the presentation of professional papers by our personnel. ☐

We have also worked to strengthen our traditionally good relationship with the American business community. In particular, we have sought ways to determine which of our analyses, estimates and handbooks, if declassified, would be of greatest interest and value to the American business community. ☐

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25X1 issues, or on form and wording. The result was a thought-provoking piece which was used and appreciated at high levels in the Executive Branch and which brought out the key issues affecting Soviet global intentions, including the key areas where viewpoints diverged. ☐

25X1 In economic analysis, we have refined how we communicate evidential and analytical uncertainties underlying important judgments about energy supply and demand projections. Our energy projections have led the field and are becoming increasingly recognized for their high validity. ☐

Teamwork

25X1 The provisions of the new Executive Order have effectively fostered a greater sense of Community outlook. We have tried to further heighten the sense of, and opportunity for, Community teamwork through such initiatives as a weekly conference phone call and a monthly breakfast with all program managers, and we have had one very useful week-end retreat to discuss Community matters. ☐

25X1 There are three areas where we would like to have done better this past year. ☐

Security

25X1 There were far too many leaks of sensitive intelligence information. Some of these were caused by former intelligence officers, some by unknown persons. There was one grave case of espionage by a man named Kampiles. ☐

25X1 Our efforts to tighten security both before and after the Kampiles incident have been considerable but clearly not nearly successful enough. CIA has taken a look at its career management program from the standpoint of its security implications; reemphasized security indoctrination and reinvestigations, including repolygraph; instituted surprise and later blanket inspection of packages and briefcases leaving CIA buildings; and imposed more thorough document accountability and handling procedures. ☐

25X1 The Attorney General has been extremely cooperative. The Department of Justice's civil suit against Frank Snapp for violation of his Secrecy

Agreement should help considerably in discouraging former employees from writing for publication without Agency security review. Still, the loss of highly sensitive information about our human sources and our technical methods of collecting intelligence remains the single greatest threat to intelligence activities. We need to tighten security within the Community more. We also need some form of legislative assistance (more on this below). ☐

Predicting Political Upheavals

25X1 In November, a spate of media stories exaggerated reports of an intelligence failure in connection with Iran. Clearly, we would like to have done better in supporting our policymakers with respect to Iran. But, in Iran as elsewhere, the probability of predicting when dormant internal political forces will coalesce and cause an explosion will never be high. We could and should have emphasized the dissident strains inside Iran for many months before the November 5th outbreak. We were aware of these strains, but in hindsight we did not highlight them enough. Then too, there is always the problem of deciding whether to risk being an alarmist on the one hand or a tardy reporter of bad news on the other. Without making excuses, I would point out that this example also typifies the problem of collecting sensitive intelligence in friendly countries. Collecting intelligence on opposition movements can easily be misinterpreted. We could have done better and shall. ☐

Support to Congress

25X1 While we have emphasized extending our support to as many of the Cabinet Officers as possible, our parallel efforts to reach more committees of the Congress have not borne as much fruit as we had hoped. Nearly every committee in the Congress involves itself in some aspect of international relations. There must be a greater need for information on international trends and events by committees other than our regular consumers in foreign affairs and armed services than we are now fulfilling. Our efforts to bridge the gap and determine where our product can be used have uncovered some new needs but have probably just scratched the surface. ☐

THE PROSPECT FORWARD

present important new challenges. Some agreement provisions will be difficult to verify. Others will require prodigious amounts of satellite imagery and ingenuity in cracking the especially difficult level-of-confidence problems. Sophisticated planning in balancing treaty verification requirements and other intelligence needs will be essential. []

One area in which our national technical systems potentially have much broader application than we have developed today is in support to our military tactical commanders. We have done some important work in testing the ability of these systems to support military combat operations; for example, more intensive and better focused interactions with EUCCM have improved coverage of the semi-annual Warsaw Pact troop rotations. Yet we have barely begun to explore the possibilities. Our ability to fill the needs of military commanders with national systems whenever possible is very important. This requires us to develop the proper balance between the national and tactical capabilities, ensuring that we are neither under-utilizing national systems nor duplicating them unnecessarily with tactical systems. []

On top of this continuing expansion of technical collection requirements and capabilities, I anticipate that in the years just ahead there will be a widening need for good human intelligence. Human intelligence specializes in human intentions. When we can uncover the intentions of the Soviet Union, we have really made a major step forward. That is obviously the most difficult challenge confronting the intelligence collector. But, because we are increasingly dependent on and involved with many non-communist countries, the requirement for good human intelligence on areas and problems outside the Soviet orbit will increase as well. Here the prospects are better for obtaining what we need, but the risks can be high. We do not like to have our intelligence activities uncovered by the communist nations. Such exposures represent serious losses. But the US Government is more embarrassed if intelligence activity is uncovered in a friendly nation. Hence, human intelligence today requires better cover and better tradecraft. Tradecraft is the set of techniques used in carrying out our human intelligence collection activities. []

The prospective conclusion of a SALT II agreement or any of the other six arms control agreements we are negotiating with the Soviet Union will

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The quantitative flow of intelligence, both technical and human, is steeply increasing. This burgeoning volume of information provides us its own severe challenges. We must rely more on data processing to sift and collate raw data. We must also rely on data processing to help us manipulate and analyze that data. Our fledgling efforts to rationalize and ensure compatibility of Intelligence Community-wide data processing systems will have to be accelerated.

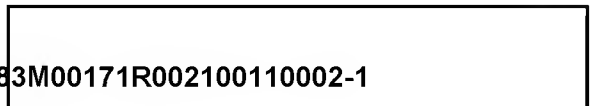


The ultimate value of intelligence is achieved only through first-class analysis of raw data. One of the challenges of the years just ahead is to attract, develop and retain an adequate base of analytic expertise. I am worried that today our nation's educational foundation in many of the areas important to intelligence is withering. Fewer individuals possess both a foreign language capability and a specific discipline like area expertise, economics, chemistry, cartography, etc. Many such dual requirements are unique in the intelligence field. There is serious doubt as to whether the American academic community can supply our needs.

Beyond this, we face challenges in continuing to find young people who are willing to serve overseas. The increasing incidence of working married partners inhibits the usual eagerness of young people for

overseas assignments. We also find that while recruiting for the human intelligence area in general is quite satisfactory, the willingness to undertake the restrictions of a long-term clandestine life overseas is not as prevalent as it has been and as is necessary. Overall, the attraction and retention of top quality people must be one of our top priorities.

Finally, the year immediately ahead is important with respect to the restrictions on intelligence activities. It will soon have been three years from the end of the Church Committee's investigations. In this period, much thought and attention has gone into how to reconcile the freedoms of a democratic society with the secrecy which is necessary and inherent in intelligence activities. This dilemma has been aired adequately to permit us to legislate the authorities and the limitations on intelligence operations that are appropriate. In my view, the country is in a judicious mood. We are highly conscious of the desirability of avoiding future abuses, yet most thinking Americans recognize the need to have an effective intelligence capability. We need a balance of fully authorized intelligence activities on the one hand, and prohibited or closely controlled activities on the other. Our carefully developed oversight process is intended to assure that both prohibitions and controls are being followed as intended. The time is ripe for a renewal and updating of the legislative charters. The window of opportunity may be narrow. We must move expeditiously.



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II. KEY ISSUES OF PARTICULAR CONCERN

Having reported highlights of 1978 in intelligence, I would also like to discuss in more detail several issues of particular current concern to the Intelligence Community, the Executive and the Congress.

[REDACTED]

RESOURCES: FUTURE MIX OF TECHNICAL COLLECTION SYSTEMS

Upgraded systems and new approaches to technical collection will be required to meet the future challenge of new/more stringent user requirements, changing target environments, and [REDACTED]

[REDACTED] which offers significant additional capability. Because outyear costs will rise steeply, the most significant resource problem confronting the Intelligence Community is the architecture of a cost-effective mix of technical collection systems which will be responsive to user needs in the mid-1980s and beyond, and at the same time provide for effective information processing. Missions range from treaty verification, to warning and crisis management, to tactical support. Technical sensors supply hard data for user needs which have broadened from traditional science/technology and military-related requirements to international political and economic policy formulation. The need for greater speed and frequency in both data and analysis is being driven by closer military balances, economic interdependence and resource constraints, technological progress, and heightened US need to pick a careful course through a variety of situations we can no longer unilaterally dominate.

[REDACTED]

Moreover, we are now significantly dependent on technical sensors to support our national security policy on a day-to-day basis. This responsibility drives us to provide sufficient systems to ensure reasonable backup against technical failure or other catastrophe and flexibility sufficient to respond to unexpected needs and opportunities. A good illustration of the latter was [REDACTED] crisis; technical collection was an important part of overall

intelligence support to policy in that situation, and was accomplished by redirecting and recombining a range of imaging and SIGINT sensors which were by and large not developed and deployed with that sort of need in mind. [REDACTED]

On the other hand, management responsibility under conditions of constrained federal resources drives us to weigh carefully the considerable costs associated with development of any of these sensors, and, where appropriate, conduct capability and customer satisfaction trade-offs aimed at reducing costs. [REDACTED]



Particularly with regard to the more sophisticated technical collection resources, we must recognize that from the first day of operation many of these systems are observable to the Soviets. It is always difficult for us to understand the details of what the Soviets think they are learning and how fast this process is evolving, but inevitably over time many of our more visible systems are more or less well understood by the Soviets. In some cases, this development does not necessarily have an adverse impact on the utility of these systems. In other cases, our systems erode as the Soviet understanding and ability to implement appropriate countermeasures evolves. The best possible security is obviously imperative, but in the final analysis, the only way of staying ahead of the Soviets is ensuring a long-range program for bringing into operation new capabilities based on new technology. [REDACTED]

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- communicating levels of uncertainty in data analysis and their policy implications, and
- nourishing a sensitivity to the unexpected so that less likely but critical trends/developments will be surfaced in time to avoid/minimize adverse consequences. []

None of these areas are susceptible to quick fixes. A broad, long-range attack within NFAC and in other Community production offices includes: (U)

Management: Last May NFAC created a small, full-time staff to work on quality improvement. This staff has made a comprehensive inventory of NFAC's analytical skills, is planning a series of achievable targets for improvement, is preparing recommendations on analyst recruitment/career development, as well as competing demands of current intelligence and research, and is beginning to examine NFAC leadership and management organization. []

QUALITY OF ANALYSIS AND POLICY SUPPORT

The worth of intelligence is measured by the end product. In today's national security environment, we must continually work to improve the quality of analysis and policy support. Increases in analytic productivity are not as sensitive to resource or technological stimulus as other aspects of the intelligence process. Individual human qualities—intellect, expertise, motivation—and the imagination, relevance and management of our production program, are the variables most critical to good results. []

Major problems include:

- motivating analysts to further increase productivity and encouraging them to persist in analytical careers;
- ensuring that analysts and production managers keep in close touch with key users to guarantee the relevance of their product;
- preserving enough analytical time/expertise from current intelligence and policy support to allow for in-depth, long-term research and analysis;
- developing good production managers in a culture where individual analytical excellence is the principal performance criterion;
- fostering interdisciplinary analysis in a business traditionally built on narrow functional or area expertise;

Chaired by the Deputy Director for National Foreign Assessment, the interagency production Steering Group for NFAC, INR and DIA is developing parallel and complementary Community programs to improve analytic quality. A job analysis survey is under way in DIA, for example, to include the analytical process, the environment in which the DIA analyst works, and the level of skills/performance required. []

Consumer Contact: The National Intelligence Officers (NIOs) have taken the lead in developing close contacts with NSC and other policy customers to ensure the relevance of intelligence analysis. NFAC production offices make similar efforts in their disciplines. INR officers maintain close contact with the policy officers in State's geographic and functional bureaus to ensure analysis is keyed to policy concerns. DIA has recently established a Directors Staff Group which works closely with the Defense Intelligence Officers and senior DoD officials to establish a departmental production program more responsive to the needs of the Secretary of Defense. Last March an intelligence support office was established in Commerce; similar offices exist in Treasury and Energy, and all three are in daily contact with these consumers. []

Improved Critical Review: Fundamental to our efforts to improve product quality is the toughening

of the critical review it receives. The Deputy Director for National Foreign Assessment spends the largest amount of his own time helping to provide that kind of review. I take a personal hand in this effort in the preparation of Presidential briefings, National Estimates, and the like. In addition to the Senior Review Panel discussed earlier, a panel of some 50 outside expert consultants has been established to review output under the purview of the NIOs. []

Training: Surveys currently under way in each major Community production component will give production managers a better inventory of the skills/ backgrounds of their professional cadre. This will enable us to elaborate goals and training programs over the next five years. Tailored courses to heighten/refresh certain analytical skills or broaden Community analysts' exposure are proving helpful. []

Language training continues to be a special concern. CIA language training has been traditionally oriented to operational needs, which emphasize speaking ability. The Office of Training is developing new approaches geared to teach reading skills to analysts. One such course is Chinese for economists. This effort should result in skills that analysts can maintain and permit them use of formerly inaccessible primary sources. []

Methodology and Computer Support: The application of new methodological approaches and the use of computer support facilities are being implemented in the major Community production elements. Each element in NFAC has a unit working with analysts to apply new methodologies to the analytical process. In DIA alone, during the last two fiscal years, training to introduce analysts to new analytical methodologies/skills has been given to about 900 analysts. []

Computer support programs are widespread in the Community. CIA and DIA are proceeding jointly with Project SAFE (Support for the Analyst File Environment) which will allow the analyst to build, retrieve, and manipulate data as well as to search all-source data bases from his desk. By itself SAFE will not work magic on the quality of intelligence production, but it will free an analyst from spending inordinate time managing the increasing amounts of data. During 1979, INR will devote more than 10 percent

of its budget to provide improved information handling support. []

Lateral Entry and Rotational Assignments: In the past year, NFAC hired professionals with a broad range of background/experience from outside CIA. About 60 percent were hired with varying work experience between GS-11 and GS-15. A number of candidates have been identified for possible transfer from the CIA Directorate of Operations. A scholar-in-residence program permits noted researchers to work for us for one or two years and then return to their former posts. NFAC, INR, DIA and the military services are taking opportunities to assign analysts to other government agencies where they can experience the day-to-day concerns of intelligence users. []

Space: CIA, DIA, and INR are all plagued with space problems ranging from extreme dispersal of production units to structurally hazardous and overcrowded facilities. Working conditions in NFAC are generally unsatisfactory for thoughtful analytical work. Most of our people work in open rooms where noise and traffic detract from serious thinking. In DIA and INR, particularly, the physical environment precludes the effective compartmentation of intelligence information and presents potential security problems. For the past several years, DIA has sought authorization unsuccessfully for a new building to consolidate elements which are now scattered among five main facilities. []

Some stop-gap measures are being undertaken. INR is moving its two largest regional offices into a single secure area. Because additional CIA building space is unavailable, NFAC is investigating the use of open plan office design and systems furniture. []

The Core of the Problem

Progress in each of these aspects will help, but core issues must be examined as well if quality of analysis/policy support is to be improved. There are three core issues: area expertise, interdisciplinary approaches to analysis, and sensitivity to the unexpected. []

Area Expertise: We are thinner than is desirable on many important world regions. Building genuine area/functional expertise takes commitment, re-

25X1 sources, time and incentives. To improve career enhancement incentives, with my strong endorsement and the DDCI's. NFAC is now allocating more GS-15 and some supergrade positions to analytical specialist functions. ☐

25X1 To help improve DIA manpower quality problems, we are considering legislation to authorize a specialist grade structure, termination authority, and possible exemptions from the Classification Act for DIA. Such a program could provide substantial incentives for good DIA analysts to stay with production instead of changing to some other career track offering greater upward mobility. If Congress accepts this concept, we will consider it for other production components. ☐

25X1 Exposure of regional/country analysts to the territories/societies for which they are responsible needs to be increased. Without personal overseas experience, analysts sometimes lack sensitivity to the forces which affect events. The FY 1980 budget protects NFAC advanced analyst training—both academic (including language) and overseas on-the-ground experience. With Congressional approval

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INR benefits indirectly from the rotational assignment of Foreign Service Officers and also has a limited program of overseas assignments for its own permanent cadre. DIA is expanding its programs for analyst travel and greater employment of the Department of Army's foreign area specialists. ☐

25X1 One less recognized aspect of area expertise is the time required to acquire and maintain that expertise. Reserving sufficient time to build/freshen expertise and to do the kind of research/analysis that exposes a new topic or illuminates a perennial issue with fresh, policy relevant insight, is a very difficult problem for the analyst/production manager who is also trying to be responsive to the full range of current policy needs. ☐

25X1 **Interdisciplinary Analysis:** In recent years, we have been better equipped to look at one functional aspect of an intelligence problem—political, economic or military—than to integrate them in a complex situation. We are working to overcome this

imbalance. The NIOs, whose responsibilities are region or problem oriented, are central to this effort. They must coordinate Community production and integrate disciplinary analysis within NFAC. ☐

NFAC production offices have also generated an increasing number of interdisciplinary efforts. Notable are a full analytic program on Soviet cruise missiles and naval forces, and the Cuba Analytic Center. This center brought analysts from a number of offices together to work on a jointly developed program. This year they have assessed the Castro government's management of the political, military, economic and social costs of Cuba's expanding role in Africa. The Office of Economic Research is establishing a Petroleum Supply Analysis Center which will combine the talents of economists, geologists, petroleum engineers, computer modeling specialists, etc, on this key question. ☐

In general, Soviet political and military analysis is now more sensitized to the economic dimension. Unless present economic trends are reversed, resource constraints on Soviet foreign/military policies are likely to grow. Our analytical work tries to anticipate Soviet leadership choices among alternative strategies. Which they choose will be mediated by factors such as the course of the succession, the power/personalities of new leaders, and the evolution of the USSR's international environment. Therefore, our analysis must pursue a moving target and trace variables whose interaction will determine the outcome. ☐

Sensitivity to the Unexpected: This is perhaps at once the most important instinct of an intelligence

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analyst and the most difficult to sustain, particularly on areas or problems where the main features of the situation have long been clear and ostensibly little changing. Long tested conventional wisdom is a potential trap in many of our most significant intelligence problems, from Soviet defense mentality to the Yugoslav succession to the conservatism of Saudi Arabian leadership. This problem was part of the reason for our delay in recognizing the depth and effectiveness of the challenge to the Shah in Iran this past year. In situations whose outcome is vital to US interests, we must, therefore, make more of an effort to define, weigh and probe the implications of an appropriate range of scenarios. ☐

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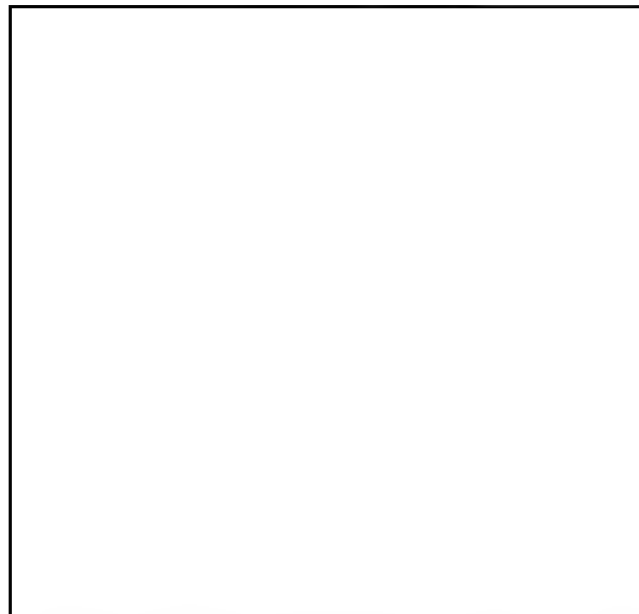
SECURITY AND COUNTERINTELLIGENCE

The Scope of the Problem

No intelligence problem weighs more heavily on my mind than protecting sources and methods. The scope of security and counterintelligence considerations in today's world have caused us to move into a total protection concept, adding counter-SIGINT and counter-imagery to human counterintelligence, and integrating all three with an enhanced approach to personnel, physical and document security. A combination of fundamental factors has focused our attention on the need for this expanded and more integrated approach. The official communist presence in the US has greatly increased in size in recent years, and so have the commerce, contacts and exchanges that have accompanied detente. ☐

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Hostile imagery collection is, of course, used against US military targets and NATO, and contributes significantly to the total Soviet intelligence picture of the US and its allies. ☐

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Our insights into the level of intensity of hostile intelligence service penetration efforts against American citizens is incomplete, but controlled US intelligence penetrations, double agent cases and targeting efforts reported by American citizens all provide some clues. What we do know suggests that US military and NATO personnel rank high in attention. To date, a relatively limited effort has been detected against known high priority civilian targets like the White House staff, the Congress or the Department of State in Washington. We are aware of a very aggressive effort against US Foreign Service Officers abroad; of limited but persistent efforts to penetrate US intelligence services, with the CIA and FBI apparently the prime targets; and of a relatively high concentration of effort against persons with access to US high technology information, including military R & D and military-industrial production. ☐

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We can't say with certainty what success hostile intelligence services have had against Americans

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25X1 with access to sensitive national security information. The probability of undetected hostile penetration agents with good access is presumed, although at present no concrete evidence exists. [REDACTED]

25X1 [REDACTED] There is no evidence to suggest that William Kampiles was a penetration. Rather, evidence shows him as an ex-CIA employee "walk-in" to Soviet intelligence who volunteered critical information. [REDACTED]

25X1 During 1978 some 23 cases of classified intelligence information appeared in the press. Pinpointing the source of a leak is very difficult. The press protects its sources as zealously as we do. Wide dissemination of many reports makes identification of the leaker a difficult task. Justice naturally sees the issue in prosecutorial terms. Unfortunately, the present espionage statutes present us with a dilemma—prosecution is not feasible unless a foreign power is involved in absentia, and requires disclosure and usually elaboration in open court of the very information we seek to protect. [REDACTED]

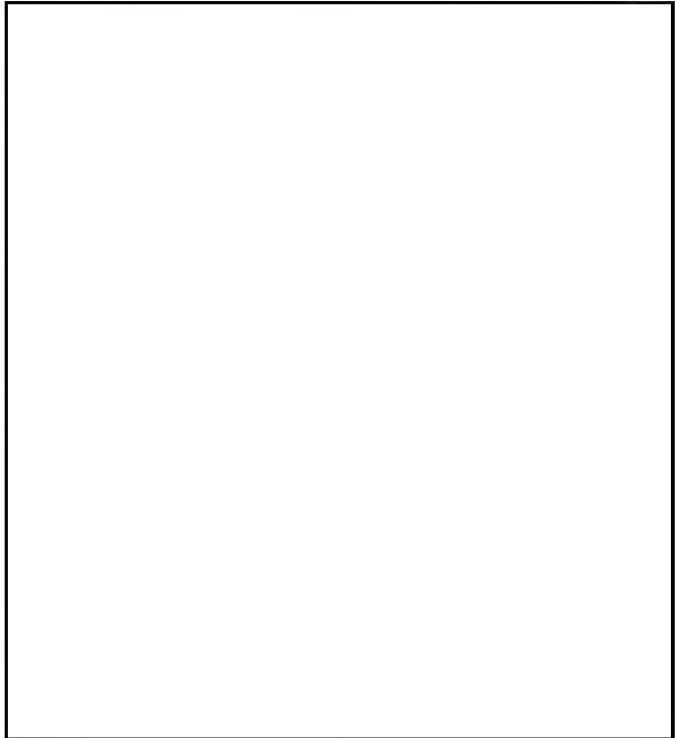
What We Are Doing: Management

25X1 The DCI and Attorney General have completed a baseline report for our new counterintelligence policy authority, the SCC (CI), on the threat, the range of current US programs, and the issues requiring attention. The SCC (CI) has itself made progress toward developing a national CI doctrine and standards including a national double agent program directive, and is mediating departmental differences on policy issues such as the issuance of visas to foreign intelligence officers. [REDACTED]

25X1 The SCC (CI) has also assigned to the DCI additional counterintelligence responsibilities in threat analysis and net assessment, and for the maintenance of a national double agent information passage registry and a national counterintelligence production register. All human counterintelligence programs are now in the NFIP and thus under my program/budget authority. However, counterimagery, counter-SIGINT and protective security programs/monies are largely outside the NFIP. [REDACTED]

25X1 Last June I named a Special Counterintelligence Assistant to my staff to help me discharge both my Community and CIA counterintelligence duties. His

office has just completed a preliminary net assessment of US counterintelligence capabilities. [REDACTED]



Legal and Legislative Aspects

First, the problem of protecting classified information in the course of criminal prosecutions or civil litigations continues to be at the forefront of our legal concerns. The ongoing ITT and Kampiles cases are good examples of the two sides of this coin. The ITT case signifies the difficulty in prosecuting any offense where the defendant had some relationship with an intelligence agency. The Kampiles case demonstrates the quandary presented by a case whose prosecution may require disclosure, elaboration, or confirmation of the very information the defendant is charged with disclosing or attempting to disclose to the injury of the United States. [REDACTED]

25X1 Second, books and articles by former employees have proliferated. We can object to disclosure in these settings only on grounds of classification. We are powerless to prevent the publication of information that, while unclassified in substance, may lose us sources or render them ineffective, and may cause prospective sources/foreign liaison services to question our ability to protect them. Legal remedies available in cases where authors publish without

Agency review or are unwilling to accept deletions are inadequate. The penalty imposed by the Court in the Frank Snepp case, if upheld on appeal, may discourage publication by many who would otherwise do so, but it is by no means a totally effective remedy. We will continue to work on this problem and welcome greater understanding in the Congress of the need to fashion better remedies. []

The Congress has already done extensive spadework on several aspects of better legal protection of sources and methods, particularly the problem of prosecution involving possible revelation of classified data in court. The SSCI's Subcommittee on Secrecy and Disclosure has just studied the prosecution problem extensively and recommended a statutory pre-trial procedure whereby the presiding judge would determine which information would be available for discovery by defendant and his counsel. The HPSCI has also looked into and is concerned about the need for legislation to better protect sources and methods. []

A critical area where there is realistic hope for improvement involves publication of information purporting to identify the covert operations, contacts and identities of US Government intelligence officers serving at home and abroad. In conjunction with the Attorney General and other agencies and departments, we are considering legislative proposals to protect against this aspect of unauthorized disclosure of sources and methods. []

Protecting Ourselves

Measures within Intelligence Community control which can help remedy the problem of unauthorized disclosure of classified information include:

- expanded, more meaningful and frequent security education/indoctrination programs;
- imposition of more thorough document accountability/handling procedures;
- better classification management to enhance the credibility of security classification programs;
- requirement for secrecy agreements as a condition of access to sensitive intelligence;
- deletion/sanitization of sensitive source/method data from finished reports. []

Personnel security is the backbone of all these programs, be they related to current policy leaks to

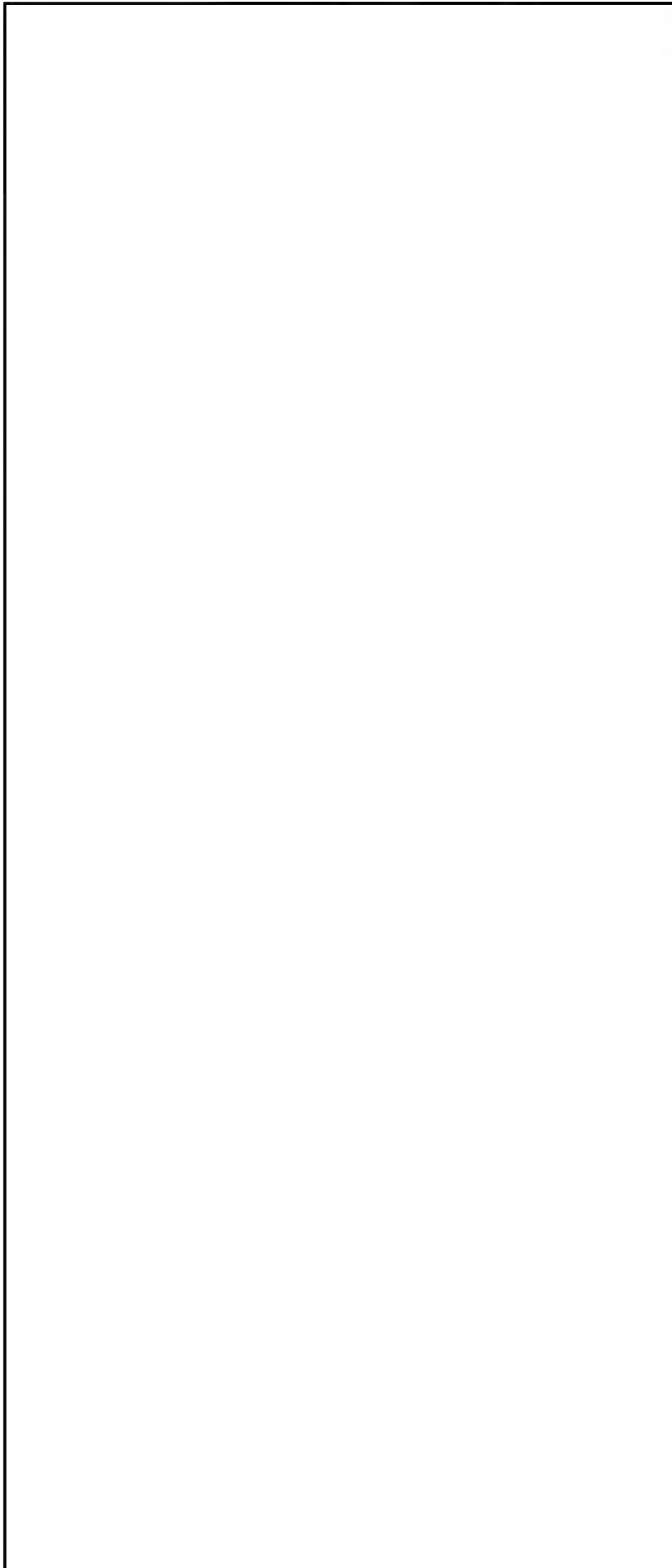
the media or the most serious and deliberate espionage. Over several years, CIA has significantly increased its employee reinvestigation program and selective repolygraphing. As a result of the Kambois case, I directed a thorough review of all CIA personnel, physical and procedural security. The personnel security review addressed the total career management context: initial hiring criteria, training, assignment selection, incentives and career progression. All three aspects of this ongoing review will determine how existing procedures are being applied, whether they are mutually supportive, and whether they do, in fact, contribute to an effective and balanced security program. []

More generally, about a year ago I instituted surprise inspections of briefcases, packages and other containers being taken out of CIA buildings. The results justified regular inspections. So, in the fall of 1978, they were begun. None of us is under any illusion that this program is effective against a determined spy. Nevertheless, this kind of general tightening up will help improve the overall security discipline atmosphere and help minimize inadvertent compromises of classified documents. []

The same philosophy underlies this past year's Community review of the compartmentation and codeword systems which have evolved over the years to limit access to and protect the product of our sensitive sources/collection systems. This fall, within CIA, we have inventoried all especially sensitive documents and instituted revised procedures for their special custody and use. []

FBI's Counterintelligence Program

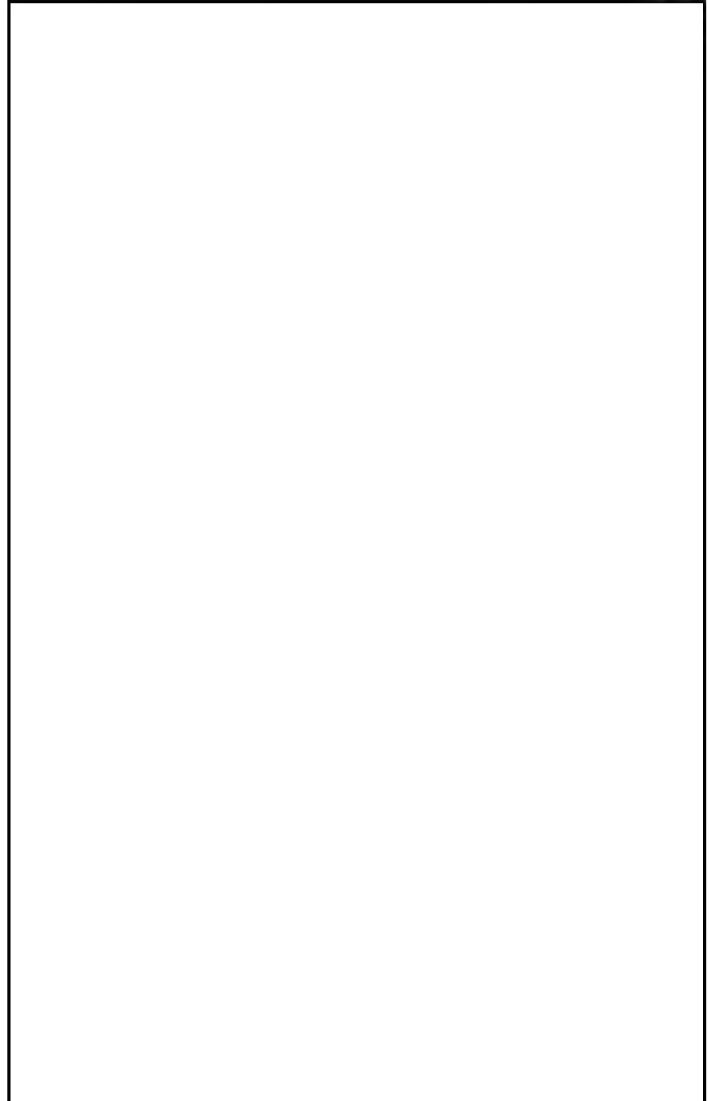
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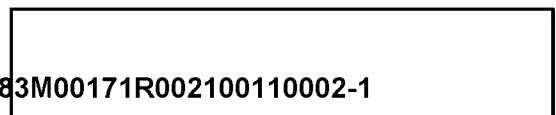
CIA's Counterintelligence Program



DoD's Foreign
Counterintelligence Program



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ADP continues to grow as an offset to manpower losses and in response to new user requirements. The combination adds up to increased investment, whose planning/management continue to concern the Congress as well as all levels of Intelligence Community management. Last February, at the SSCI's request, a report was forwarded identifying the major managerial/organizational initiatives under way to enhance NFIP ADP resource use. The HPSCI's Subcommittee on Evaluation held a series of hearings on ADP use in NFIP programs last May and will probably follow up with a more detailed review this coming year. ☐

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What We Have Accomplished: Management

Intelligence Community ADP managers recognize the need to balance ADP systems cost against substantive requirements. Generally, good managerial control procedures exist within NFIP departments/agencies. Further, Program Managers are improving their planning, programming and budgetary review procedures. Over the past year, senior intelligence officials have become more involved personally in all stages of the review/decisionmaking process for validating requirements and justifying acquisition of major ADP systems. ☐

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Community ADP management is improving as well. The Deputy for Resource Management created an Information Resources Office (IRO) last January. The IRO Staff reviewed ADP portions of the FY 1980 NFIP budget during its formulation, providing for the first time a mechanism for program-by-program analysis and evaluation of ADP. At DCI direction various Intelligence Community organizations are now preparing ADP plans for submission to IRC for coordination and consolidation during 1979 and inputs to a single Intelligence Community ADP Plan. IRO will monitor implementation of the Community plan through annual program/budget reviews. ☐

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As an internal Intelligence Community management principle, we have adopted the Congressional guideline that any annual computer expenditures beyond 10 percent real growth require special justification. ☐

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ADP Use in Support of Analysts

ADP project managers have expanded the capacity and reliability of ADP support. The Community

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AUTOMATIC DATA PROCESSING

Automatic data processing (ADP) is an essential feature of our most significant achievements. Near-real-time imagery and cryptanalysis are but two examples of the many intelligence tasks which can no longer be done without ADP. Our reliance on

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On-Line Intelligence System (COINS) is a network of information storage/retrieval systems linked for interagency file sharing. COINS permits more analysts to have access to imagery exploitation data produced by the National Photographic Interpretation Center, SIGINT products produced at NSA, and other CIA and DIA files. The COINS program has sponsored the development of an improved terminal access system, and the development/implementation of a prototype universal language translator. Using the Intelligence Data Handling System Communications Network (IDHSC), a major DIA effort is under way to improve compatibility/interoperability of the Defense Intelligence Information System (DODIIS). The DIA System Planning Office has developed an overall DODIIS architecture and has identified implementation actions. ☐

DIA is also continuing to improve access to I & W data for defense analysts of the National Military Intelligence Center (NMIC). The NMIC Automated Data Support System, which achieved an initial operating capability in March 1978, was established to provide automated data handling/communications for I & W analysts in crisis situations by receiving, integrating, analyzing and distributing near-real-time intelligence on hostile force dispositions/intentions needed by both national users and military commands. ☐

Another DIA system, the Advanced Imagery Requirements and Exploitation System (AIRES) also reached an initial operating capability during 1978. AIRES enables DoD analysts to submit imagery collection and exploitation requirements, monitor the status of imagery collection platform activities, and research imagery data bases for interpretation data. AIRES will also automate the dissemination of imagery exploitation reports to the commands. Enhancement of the interface between AIRES and the DCI Committee on Imagery Reconnaissance (COMIREX) Automated Management System (CAMS) will further improve the management of defense imagery collection and exploitation requirements. ☐

By replacement and upgrading actions, CIA ADP managers are economically supporting more concurrent on-line time-sharing users. The number/timeliness of data base systems transactions has increased. Over 2000 CIA individuals now have at least some on-line access to ADP support. ☐

The CIA/DIA SAFE project will allow the NFAC and Defense production analyst to build, retrieve and manipulate data as well as to search selected all-source data bases from his desk. In accordance with Congressional direction to keep SAFE costs within reasonable limits, last summer I directed that SAFE be placed on a design-to-cost basis. ☐

ADP Use in Processing of Intelligence



The NPIC Data System (NDS) uses advanced data processing technology to provide near-real-time exploitation of collected imagery to produce timely reports and store interpreted data for access by the Community. ☐

Dependence upon ADP processing—whether real-time, all-weather imagery, cryptanalysis or telecommunications—will increase as user requirements and target environments become more sophisticated. ☐

Much Remains to Be Done

We are in the early stages of ADP planning at the Community level, but the dimensions of the planning problem are known. One of the most important areas for long-term attention is compatibility of ADP networks being developed throughout the Community for both long-haul and proximate site use. ☐

Improved ADP project management is marked for major early attention. Raising our standards here involves emphasis on establishing/maintaining skilled project management teams, use of senior

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level review boards, and involvement of the ADP consumer throughout the development stages of a new ADP system. Other planning dimensions include defining/developing effective ADP system performance output measures, and deriving technical and physical security policies to protect intelligence sources and methods as the use and dependence upon ADP grows. We need also to pay more attention to the communications required to transmit growing volumes of intelligence worldwide. Increasingly, raw data collected in the field is remoted to centralized computer systems for processing and then forwarded to tactical commands in near-real-time over satellites carrying general command/control communications. As reliance on these satellite systems grows, we must plan for additional telecommunications capacity, compatibility/survivability, and identify redundant telecommunications paths for the most critical information. []

We have passed the stage of easy, sizable manpower savings through the introduction of automation. The search will go on, but the payoffs will be more marginal than dramatic. Indeed, our use of ADP systems has reached a stage of sophistication which itself puts a premium on skilled manpower to provide the kind of man-machine interface necessary for efficient use of ADP, as well as to develop and maintain systems. []

NATIONAL/TACTICAL INTERFACE

The convergence of four trends has linked the National/Tactical Interface to a number of developments within the Intelligence Community:

- an advancing technology capable of providing near-real-time coverage of activities of intelligence interest;
- continued Congressional interest in rationalizing the programs it is asked to fund—promoting integration, reducing duplication, and looking at the appropriateness of classifying specific intelligence activities in the NFIP (National) or in the DoD budget as Intelligence Related Activities (IRA);
- growth in understanding of the interface among Community managers at all levels; and
- the promulgation of Presidential Directive/NSC-37 on "National Space Policy"

charging that "National space assets shall provide support to deployed military operations—forces in balance with their primary mission capabilities." In effect, the National/Tactical Interface issue is really a convenient label to refer to a variety of programmatic issues that focus on a number of specific trade-offs involving requirements, uses, control, costs, dependability, etc. []

The Intelligence Community has thus made a major effort to highlight national/tactical issues in our intelligence and military planning, tried to educate both national and tactical command elements by sponsoring a number of exercises/tests evaluating the tactical applicability of satellite collection systems, and worked out specific program and funding arrangements to improve existing capabilities and provide for future assets. I sense a growing feeling in the intelligence and military communities that we are gradually coming to understand the problems, developing agendas for future work, and working out arrangements to effect a viable interface. []

Last January, the Secretary of Defense and I forwarded a report on the National/Tactical Interface to Congress, highlighting areas of concern it addressed:

- the need for improved formulation of tactical intelligence requirements;
- quicker, more responsive tasking/feedback procedures;
- more reliable/survivable communications with improved processing to meet increased timeliness and accuracy requirements;
- additional survivability improvements to both space systems and their associated ground stations; and
- the development of new technology to meet unsatisfied needs. []

In the requirements area, a significant step forward was taken when the Deputy Under Secretary of Defense for Policy sponsored a requirements review which resulted in an exhaustive, integrated list reflecting intelligence needs at various levels in the tactical command structure. []

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With respect to tasking and feedback procedures, the Deputy for Collection Tasking is now responsible for ensuring sufficient tasking responsiveness of national intelligence systems for national needs, and for advisory tasking of tactical systems for national needs. DoD is developing a master tactical intelligence support plan. My staff is participating at each stage to provide management direction/guidelines under which DoD acquires and operates systems that provide intelligence support to tactical forces.

[REDACTED]

Survivability improvements were considered this year for all National Reconnaissance Program satellite systems. Funding for those which did not inter-

fere with—or in some cases even improved mission performance—has been requested. These steps are modest in proportion to the vulnerability of our satellites, their communications links, ground stations, etc. As I have indicated, satellite survivability involves a particularly acute set of need-cost dilemmas. [REDACTED]

The outstanding development of new technology applicable to national/tactical matters in 1978 was the detailed evaluation and procurement recommendation for a [REDACTED] Military use of this capability is one of its most important features and justifications. [REDACTED]

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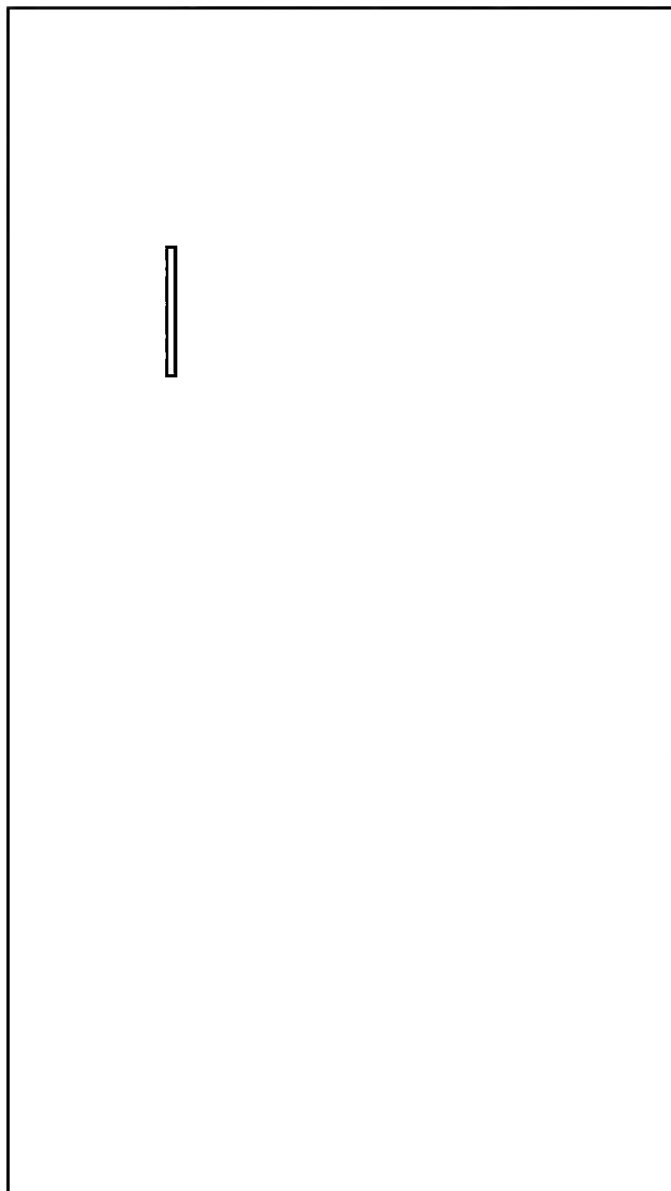
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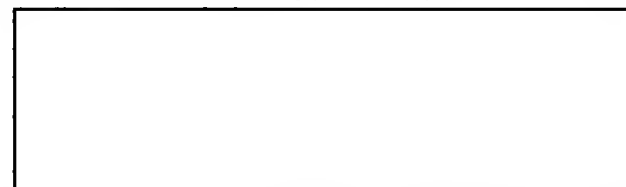
CIA INSPECTOR GENERAL ACTIVITIES

My responsibilities in this regard are limited to CIA and the Office of the DCI; therefore, I will not comment on other Intelligence Community elements. ☐

With an increase of ☐ positions in the Inspection/Audit Staffs in 1978 for an overall total of ☐ positions, the CIA Inspector General maintained a specialized group to handle personnel grievances, conducted a faster cycle of inspecting

foreign and domestic installations, conducted special investigations of allegations of questionable activities and made inter-Directorate surveys of certain management issues. Traditionally made up of officers from the different Directorates serving two- to three-year rotational tours, the Inspection Staff has been augmented by officers from outside CIA to add a new perspective. ☐

I have set a long-term objective of inspecting Directorate of Operations overseas operating divisions on a 2-½ year cycle, and a target goal of inspecting all domestic installations for the first time within a year. Accordingly, the Inspector General's



☐ Additionally, Headquarters elements of seven major CIA components in all four directorates were selected for inspection at this time because of their current importance in the effective fulfillment of the Agency's mission. ☐

Inspections concentrated this year on CIA domestic facilities because such facilities are relatively more vulnerable to inadvertent infractions of US law, the provisions of Executive Order 12036 and CIA regulations. Besides compliance, this inspection made an effort to study effectiveness as well, not only as an important objective in itself, but also in terms of justification of risk of antagonizing public attitudes toward CIA. Special attention was devoted to examining CIA activities with academic institutions. ☐

The major value of these inspections has been to provide me with an independent insight into Agency effectiveness and an independent assurance that CIA components are conducting their assigned missions properly and in accordance with the law. Allegations and evidence of occasional misdeeds on the part of individual employees have been promptly and thoroughly investigated and appropriate measures recommended to senior Agency management. Indications of possible violations of law and cases of institutional impropriety have, in coordination with the Office of the General Counsel, been promptly reported to the Intelligence Oversight Board or the Attorney General and to the DCI. ☐

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CIA also adopted an Inspector General recommendation for establishing better and more credible grievance/dissent systems within the Agency. These recommendations were based on studies of how the grievance/dissent problems have been handled by other Government agencies. ☐

☐ Since management information systems consume millions of dollars annually, audits of major Agency components/activities stressed review of the planning and application of data processing resources in addition to traditional audit objectives. Increased emphasis was also given to audits of the contractual procurement process to ensure that competition for Agency contracts was sought and that sole source procurement was fully justified and documented. ☐

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